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TAGS: [EAID](#) [EFIN](#) [EAIR](#) [AFIN](#) [APECO](#) [JA](#)
SUBJECT: Japanese Responses to Questions on French
"Solidarity Tax" Proposal

REF: State 60006

11. The Japanese Ministry of Finance provided the following responses to the questions sent reftel:

Question: Does Japan levy airline ticket taxes which are used for general development assistance, or any other non-aviation related purpose, within the country?

Answer: No.

Question: If so, are the taxes used for tourism development?

Answer: Not applicable

Question: Is Japan considering levying such a tax in the future?

Answer: No.

Question: If Japan is considering such a tax, would it also consider allocating the funds collected to official development assistance outside the country?

Answer: Not applicable.

Question: Would Japan turn the funds collected over to an international organization for distribution as ODA or would it keep control of the funds within the country?

Answer: Not applicable.

Question: Is there precedence for tax streams from one specific sector being used to fund development or other projects? If so, please provide examples.

Answer: There is no precedence for tax streams from one specific sector being used to fund development. However, certain excise taxes are earmarked for a corresponding Special Account that is used to fund certain categories of projects:

-- Gasoline Tax revenues are earmarked for road construction and improvements.

-- Aviation Fuel Tax revenues are used for expenditures related to airports and airport construction by the national and local governments.

-- Petroleum and Coal Tax revenues are used for "various programs to secure a stable supply of petroleum and to develop and introduce alternative energy sources."

-- Local Road Tax revenues are used for local road improvements.

-- One-third of Motor Vehicle Tonnage Tax revenues are earmarked for local road improvements.

-- Revenue from the "Promotion of Power Resources Development Tax" is used to promote the establishment and safety of atomic, hydroelectric, and geothermal power plants.

For more details, please see Chapter 12 through 18 of "AN OUTLINE OF JAPANESE TAX 2005" from the following URL:

<http://www.mof.go.jp/english/tax/taxes2005e.htm>

Question: Does Japan use tourism taxes to fund general revenues?

Answer: No

Question: Would support for this airline ticket tax and eventual implementation be likely to result in Japan increasing ODA to other countries, or keeping ODA levels the same by reducing ODA from other government revenue sources to offset the airline ticket tax?

Answer: The Government of Japan does not know this at present.

12. The Ministry of Finance also requested USG responses to the questions raised in reftel. The

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Finance Ministry officials who responded to Post's inquiry indicated that, in their view, these questions go beyond a country's position on the "solidarity tax" proposal and address broader tax practices.

13. Post would appreciate any further information or guidance the Department can provide.

DONOVAN